

Investing Locally

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Placer County Treasurer - Tax Collector

COUNTY
OF

Placer-

A scenic view of a river with a bridge and trees in autumn. The river is flowing over rocks, creating white water. A concrete bridge with a metal railing spans the river. In the background, there are trees with yellow and orange autumn foliage, and a tall evergreen tree. The sky is blue.

What's in your County Treasurer's Portfolio?

- Agency Mortgage Debt?
 - FNMA & FHLMC
- Corporate Bonds?
 - Lehman Bros.

~~What about local investments?~~



Government Code Section 53601 (a, b)

No statutory authority to “loan”
money



Government Code 53601

- **Section (a) Debt issued by your County**
- US Treasuries
- Notes and Warrants of California or any other State
- **Section (e) Debt issued by local government entities in California**
- Debt issued by Federal Agencies and Government Sponsored Enterprises
- Banker's Acceptances
- Commercial Paper
- Negotiable CDs
- Repurchase Agreements
- Securities Lending Agreements
- Medium Term Notes
- Mutual Funds
- Federal Agency Mortgage Backed Securities (FNMA & FHLMC)



Local Government Entities

- County
- Schools
- Cities
- Special Districts



Whose money is it?

Local Government?

Taxpayers!


A person wearing a hat and a jacket is riding a bicycle away from the camera on a paved path. The path is surrounded by trees with yellow and orange autumn leaves. The scene is captured from a low angle, emphasizing the path and the rider's movement.

Types of Projects

- County Infrastructure and Equipment Leases
- Small School District Financing
- Bridge Loans for Infrastructure for delayed State Funding
- Emergency Cash Flow (schools)

Types of Debt

- Dry Period Financing
 - California Constitution Article 16, Sect. 6
- TRANs
- Revenue Bonds
- COPs
- Lease Purchase Agreements



California Constitution, Article 16, § 6

And provided, still further, that notwithstanding the restrictions contained in this Constitution, the treasurer of any city, county, or city and county shall have power and the duty to make such temporary transfers from the funds in custody as may be necessary to provide funds for meeting the obligations incurred for maintenance purposes by any city, county, city and county, district, or other political subdivision whose funds are in custody and are paid out solely through the treasurer's office. Such temporary transfer of funds to any political subdivision shall be made only upon resolution adopted by the governing body of the city, county, or city and county directing the treasurer of such city, county, or city and county to make such temporary transfer. Such temporary transfer of funds to any political subdivision shall not exceed 85 percent of the anticipated revenues accruing to such political subdivision, shall not be made prior to the first day of the fiscal year nor after the last Monday in April of the current fiscal year, and shall be replaced from the revenues accruing to such political subdivision before any other obligation of such political subdivision is met from such revenue.

Who's Watching?

The issuance should be in standard form, familiar to those expected and likely to review.

- Rating Agencies
- Outside Auditors
- Treasury Oversight Committee
- Depositors
- Tax Payer Groups





Standard Process & Documentation

- Letters of Representation
- Legal Opinions
- Indenture
- Purchase contract
- Note or Bond Form
- Etc.

Due Diligence

- Project feasibility (do you need outside professional analysis?)
- Security
- Fiduciary responsibility to depositors
- Take advantage of the market disparity to determine the interest rate



A vertical strip on the left side of the slide shows two mountain bikers riding on a dirt trail. The lead biker is wearing a blue and white jersey and a blue helmet. The second biker is wearing a black jersey and a red helmet. They are riding on a dirt path with green grass and trees in the background.

Who can/should help?

- County Counsel
- Bond Counsel
- Financial Advisor
- Technical Advisors (Engineers, Architects)

What is their professional opinion?



Be innovative to create the win/win!

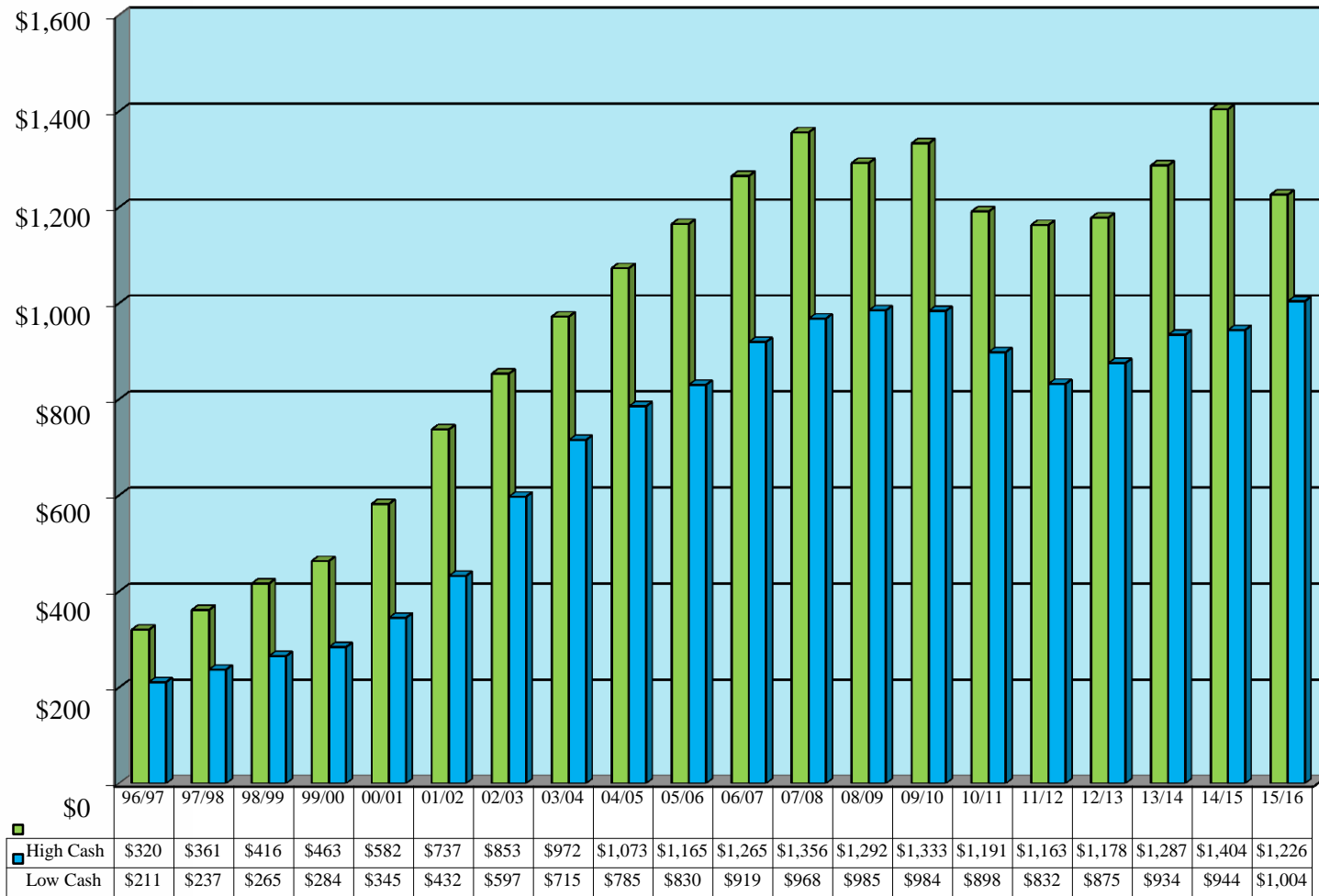
- Credit line structure
 - To avoid CABs
- Conversion from credit line to fully amortized
- Step structure
 - To accommodate cash flow
- No prepayment penalty
- Reduce cost of financing



How much can you invest?

- Safety
- Liquidity
- Yield
- Diversification

Placer County Cash in Treasury (in millions)





What's the impact?

- What is the combined value of treasury portfolios?
- What kind of impact could this have on the local/regional California economies?
 - Jobs
 - Economic growth and recovery
 - Increased public service and infrastructure



Placer Examples


- Colfax, wastewater, interim financing (Note)
- Rocklin USD, school construction, gap financing (Note)
- Middle Fork Hydroelectric System relicensing and capital improvements (Revenue Bonds)
- County, Helicopter (Lease Purchase)
- Mid-Placer Schools Transportation Agency, 2 school buses
- Newcastle School Dist. (GO refi)
- mPOWER Placer – PACE assessment bonds

Relationships

Can you, will you, transcend local politics for local benefit and greater good?

“Collaboration creates prosperity.”
– Lynne Twist, *The Soul of Money*

“Money, pardon the expression, is like manure. It’s not worth a thing unless it’s spread around, encouraging young things to grow.” – Dolly Levi, *Hello, Dolly!*

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- *“I’d rather do business with Main Street than Wall Street”*
 - *“I like to invest in Main Street and sell to Wall Street”.*
 - *“The next economy is not about trickle-up or trickle-down, but about regional collaboration and leveraging local resources to create a “ripple-out effect” in local economies.”*

Jenine’s Quotes



Thank you!

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